

HOUSE BILL REPORT

ESHB 2231

As Passed Legislature

Title: An act relating to transportation and financing.

Brief Description: Authorizing transportation financing alternatives.

Sponsors: By House Committee on Transportation (originally sponsored by Representatives Murray, Wallace, Cooper, Clibborn, Rockefeller, Simpson, Hudgins and Hankins).

Brief History:

Committee Activity:

Transportation: 3/26/03, 3/28/03 [DPS].

Floor Activity:

Passed House: 4/8/03, 51-46.

Senate Amended.

Passed Senate: 4/17/03, 29-20.

House Refused to Concur. Asked Senate for Conference.

Senate Amended.

Passed Senate: 4/26/03, 38-11.

House Concurred.

Passed House: 4/26/03, 60-38.

Passed Legislature.

Brief Summary of Engrossed Substitute Bill

- Creates the Transportation 2003 Account with money in the account being spent on projects identified as Transportation 2003 projects and the debt service on the bonds sold to fund the projects.
- Beginning July 1, 2003, an increase of 5 cents to the motor vehicle and special fuel tax.
- Once the bonds are paid off that were sold to pay for the projects the increase of 5 cents a gallon gas tax will expire.
- Beginning August 1, 2003, an increase of 15% in the gross weight fees for trucks over 10,000 pounds.
- Beginning July 1, 2003, the sales and use tax applicable to motor vehicles is increased by three tenths of 1 percent.

- The rate at which refund distributions are calculated for off road vehicles, snowmobiles, and marine usage is increased by one cent in each of the next five bienniums.
- By November 1, 2003, Department of Licensing must offer the option to retain license plate numbers at the time fo replacement for \$20.
- Department of licensing must offer special license plate design services for a fee of \$1,500 and then \$500 for each rendition thereafter.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Murray, Chair; Rockefeller, Vice Chair; Simpson, Vice Chair; Jarrett, Assistant Ranking Minority Member; Clibborn, Cooper, Dickerson, Flannigan, Hankins, Hatfield, Hudgins, Lovick, Morris, Romero, Sullivan, Wallace, Wood and Woods.

Minority Report: Do not pass. Signed by 8 members: Representatives Ericksen, Ranking Minority Member; Anderson, Armstrong, Bailey, Campbell, Kristiansen, Nixon and Shabro.

Staff: Jerry Long (786-7306).

Background:

Transportation funding in Washington is supported by a variety of taxes and fees. The majority of statewide transportation revenue comes from a 23 cent per gallon tax on motor vehicle and special fuel tax, vehicle licensing fees and gross weight fees.

The 18th amendment to the Washington State Constitution requires that the motor fuel tax, which is currently 23 cents, and the vehicle licensing fees be deposited into the Motor Vehicle Fund. Monies in that fund may only be spent for highway purposes. "highway purposes" includes, highways, ferries, and park and ride lots, but excludes transit and rail.

Other transportation funding is not restricted by the 18th amendment. These funds are often referred to as "multimodal" or flexible funding, these monies may be spent for any transportation purpose which includes transit and rail.

When motor vehicles are sold in the State of Washington, there sales or use tax of 6.5 % applied to the sale.

There are distributions of motor fuel and special fuel tax for offroad purposes which includes off road vehicles, snowmobiles, and marine. The rate of 18/23rds is used to calculate the refund distributions.

The State of Washington presently does have some specialized license plates that have been approved by the Legislature. There has been a slow down in the number of new specialized plates in recent years.

Summary of Engrossed Substitute Bill:

The transportation 2003 account is created in the Motor Vehicle Fund. Money in the account may only be spent on projects identified as Transportation 2003 projects and the debt service on the bonds sold to fund the projects. Once the projects have been completed, moneys in the account can only be spent on the debt service to pay off the bonds, and if there are additional funds in the account, they may be spent on maintenance of the transportation 2003 projects.

Beginning July 1, 2003, the state gas tax and special fuel tax are increased by 5 cents per gallon. All of the revenue generated by the increase is deposited into the Transportation 2003 Account. The increase in the gas tax expires when the bonds sold to pay for the Transportation 2003 projects are retired.

Beginning August 1, 2003, the gross weight portion of the combined licensing fee paid by trucks, tractors, and buses is increased by 15 percent for vehicles over 10,000 pounds. Motor homes are added to the list of vehicles that are subject to the combined licensing fee. The proceeds from the increased percentage be deposited in the Transportation 2003 account.

Beginning July 1, 2003, the sales and use tax applicable to motor vehicles is increased by three tenths of 1 percent. The revenues collected from the increase in the tax on motor vehicles must be deposited in the Multimodal Transportation account. Farm tractors, farm vehicles, off road and nonhighway vehicles and snowmobiles are not included.

The rate at which refund distributions are calculated for off-road vehicles, snowmobiles, marine usage is increased by one cent in each of the next five bienniums.

By November 1, 2003, Department of Licensing must offer the option to retain license plate numbers at the time fo replacement for \$20. Department of licensing must offer special license plate design services for a fee of \$1,500 and then \$500 for each rendition there after. If House Bill 2065 becomes law by June 30, 2003, this portion of ESHB 2231 regarding licenses plates becomes null and void.

Appropriation: None.

Fiscal Note: Requested on March 25, 2003.

Effective Date: The bill takes effect on July 1, 2003.

Testimony For: The bill is supportive of the revenue package, a movement forward, but does not address the total transportation needs in the state. There was testimony that it was a start

in the right direction and would like to see a larger revenue package. The additional revenue would increase jobs in the state.

Testimony Against: The association could not support the package in its current form due to the proposed .6 percent vehicle transfer tax in addition to the existing taxes on vehicle sales.

Testified: (In support) Representative Murray, prime sponsor; Larry Pursley, Washington Trucking Association; Pat Jones, Washington Public Ports Association; Randy Ray, Puget Sound Steamship Operators Association; Rick Nickman, Identity Clark County and Seattle Mariners; Gene Schlatter, Vulcan Northwest and Port Blakely Tree Farms; Duke Schaub, Association of General Contractors of Washington; Mike Ryherd, Puget Sound Clean Air Agency; Kevin Shively, Transportation Choices Coalition; Robert Pregulman, Washington Public Interest Research Groups; Genesee Adkins, 1000 Friends of Washington; Donna Ewing, Washington League of Women Voters; Clifford Traisman, Washington Conservation Voters and Washington Environmental Council; Bill Stauffacher, Burlington Northern Santa Fe Railroad; Tom Parker, Union Pacific; Doug Levy, Cities of Everett and Kent; and Jackie White, Association of Cities.

(Opposed) Jim Boldt, Washington Auto Dealers Association.